



Assembly California Legislature  
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ASSEMBLYMAN, 33RD DISTRICT

Did you know  
that in 2007, credit  
card delinquencies nationwide  
rose 26% from 2006?

And California foreclosure  
filings increased 112% from  
early 2007?

Read this mailer to learn  
some helpful tips.

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Read this mailer to learn more  
about maintaining good credit  
and avoiding foreclosure.

*assist*



Understanding  
your  
finances.

*budget*





# options Credit and mortgage tips.

When you cannot make a mortgage payment, the first thing you need to do is communicate with your lender. Lenders do not want to foreclose on your home at the first sign of trouble because it's not in their best interest financially. Don't wait for several months of due dates to pass before you try to work out a plan.

Make sure you know who your lender is. The original lender may have sold your loan on the secondary market. Once you identify the lender, you should explain to them why you failed to make a payment. This information will demonstrate if circumstances are temporary, permanent, or out of your control. Additionally, communicating with your lender can

go a long way in making them more sympathetic to what you're going through. They will be more likely to grant some sort of extension if you are cooperative and helpful to meet their needs as well.

If all else fails and you need to sell the house, it can be difficult to do so in a low-demand market. Sometimes, when a lender understands that there have been

Good communication will help you and your lender work together to come up with a plan that works for both of you.

unexpected hardships that led to missing a payment, they may allow you to have the house sold at a lower than market price. This is called a short sale, where the lender agrees to accept less money than they are owed.

Payment delinquency and foreclosure on your property badly damages your credit rating. Until a number of years have passed, you will only be able to borrow at a "subprime" level, or a loan with a higher interest rate than what is standard. Subprime loans are more expensive, so keep that in mind the next time you wish to buy a car, house, etc.

The key to financial stability is planning. When possible, think ahead into the future and make sure your personal budget is in order.

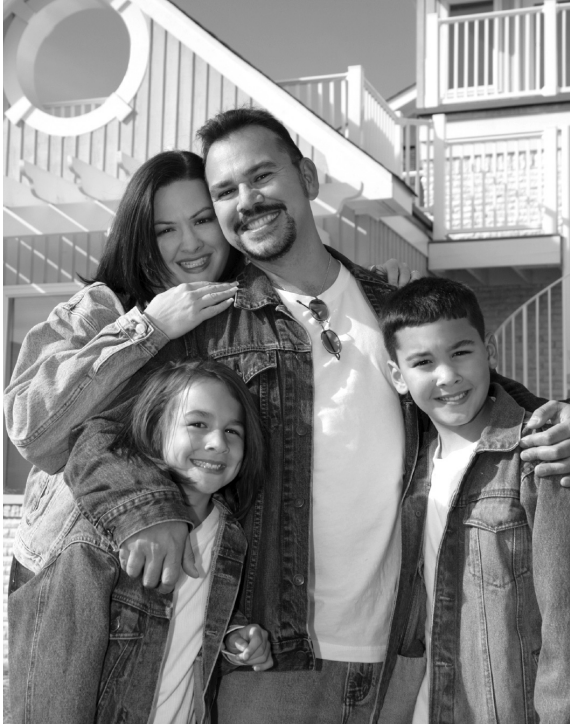
## Simple strategies for getting out of debt

If you are in debt, the first thing you should do is stop using your credit card. If you cannot afford to pay off your current balances, you should not acquire any new debt. Contact the issuer of the card and see if they will help you develop a repayment plan. Depending on your situation,

you may benefit from consulting a credit counselor who can assist with debt consolidation strategies.

To learn more, contact the National Foundation of Credit Counseling by visiting [www.nfcc.org](http://www.nfcc.org) or call 800-388-2227.

Consider a debt "snowball" strategy of paying off your smallest balances first. Then, use the monies previously dedicated to paying these bills to pay off the next smallest bill. Although the math tells us to first pay off the balances with the highest interest-rates, many experts agree that consumers are more successful at paying off their debt when they experience a series of small victories.



## Mortgage Resources

The following is a list of resources where you can obtain additional information about mortgage options, ways to improve your credit, and simple financial literacy tools.

[www.bankrate.com/brm/news/news\\_cc\\_home.asp](http://www.bankrate.com/brm/news/news_cc_home.asp)  
(Resources, calculators and tips on managing personal credit cards)

[www.annualcreditreport.com](http://www.annualcreditreport.com)  
or by calling 877-322-8228  
(Request your free annual credit report)

[www.aiccca.org](http://www.aiccca.org)  
(The Association of Independent Consumer Credit Counseling Agencies)

[www.mymoney.gov](http://www.mymoney.gov)  
(Federal Government's website on money management)

[www.yourhome.ca.gov](http://www.yourhome.ca.gov)  
(Consumer Home Mortgage Information: A Guide to Mortgage Resources in California)

[www.hud.gov/foreclosure](http://www.hud.gov/foreclosure)  
(Federal Government's website containing Tips for Avoiding Foreclosure)

[www.calhfa.ca.gov/homebuyer/information/tentips.htm](http://www.calhfa.ca.gov/homebuyer/information/tentips.htm)  
(California State website with Ten Tips for Homebuyers)

The three major credit-reporting agencies are:

Equifax [www.equifax.com](http://www.equifax.com) or call 800-685-1111

Experian [www.experian.com](http://www.experian.com) or call 888-397-3742

Trans Union [www.transunion.com](http://www.transunion.com) or call 800-888-4213

## Quick Credit Tips

- ✓ Avoid credit cards with high initial fees.
- ✓ Look for a credit card with a low APR (Annual Percentage Rate).
- ✓ Pay off your credit card bill in full each month.
- ✓ Always pay more than the minimum balance.
- ✓ Pay your bills on time.
- ✓ Don't exceed your credit limit.
- ✓ Do use a credit card for cash advances.
- ✓ Do not use one credit card to pay another.

[www.asm.ca.gov/33](http://www.asm.ca.gov/33)